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AMEND THE GOLD AND SILVER MARKING ACT OF 1906

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HEARING

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BEFORE THE

COMMITTEE ON COMMERCE

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

S. 3095

TO INCREASE THE PROTECTION OF CONSUMERS BY REDUCING PERMISSIBLE DEVIATIONS IN THE MANUFACTURE OF ARTICLES MADE IN WHOLE OR IN PART OF GOLD

MARCH 24, 1976

Serial No. 94-58

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AMEND THE GOLD AND SILVER MARKING ACT OF 1906

WEDNESDAY, MARCH 24, 1976

U.S. SENATE,
COMMITTEE ON COMMERCE,
Washington, D.C.

The committee met at 10 a.m., in room S-407 of the Capitol, Hon. John O. Pastore presiding.

OPENING STATEMENT BY SENATOR PASTORE

Senator PASTORE. Gentlemen, we will call the hearing to order.

The Committee on Commerce meets this morning to consider S. 3095, a bill to increase the protection of consumers by reducing permissible deviations in the manufacture of articles made in whole or in part of gold.

This legislation would amend the National Gold and Silver Marking Act, which was enacted in 1906. The legislation would eliminate current tolerances permitted for manufactured gold articles from one-half carat without solder and one full carat with solder to a realistic tolerance of three parts per thousand.

This legislation has been represented as providing the American consumer with what he pays for—under the bill, if he pays for 14 carat gold, that would be the composition of the article which he purchases.

Additionally, it has been suggested that the legislation would remove a competitive disadvantage which faces domestic manufacturers in overseas markets where the large tolerance permitted by the 1906 act does not exist.

[The bill follows:]

[S. 3095, 94th Cong., 2d sess.]

A BILL To increase the protection of consumers by reducing permissible deviations in the manufacture of articles made in whole or in part of gold

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act forbidding the importation, exportation, or carriage in interstate commerce of falsely or spuriously stamped articles of merchandise made of gold or silver or their alloys, and for other purposes", approved June 13, 1906 (34 Stat. 260; 15 U.S.C. 295), is amended—

(1) by striking out "That in" and inserting in lieu thereof "(a) Except as provided in subsection (b), in"; and

(2) by adding at the end thereof the following new subsection:

"(b) In the case of articles of merchandise made in whole or in part of gold or of any of its alloys which are sold by manufacturers or importers more than five years after the date of the enactment of this subsection and are so imported

Staff member assigned to this hearing: Edward A. Merlis.

into or exported from the United States, or so deposited in the United States mails for transmission, or so delivered for transportation to any common carrier, or so transported or caused to be transported as specified in the preceding section, the actual fineness of such gold or alloy shall not be less by more than three one-thousandths parts than the fineness indicated by the mark stamped, branded, engraved, or printed upon such article, or upon any tag, card, or label attached thereto, or upon any box, package, cover, or wrapper in which such article is encased or enclosed, including all assaying deviations and all solder and alloy of inferior fineness used for brazing or uniting the parts of such article (all such gold, alloys, and solder being assayed as one piece)."

Senator PASTORE. Today we will hear from a number of experts in the jewelry industry, pro and con. We will listen to all parties concerned, and then, thereafter, the committee will take the matter under advisement and decide what to do.

We have before us today a number of witnesses. The first one is Mr. George R. Frankovich, executive director, Manufacturing Jewelers and Silversmiths of America, Inc., 340 Howard Building, Providence, R.I.

Mr. Frankovich, you may proceed.

**STATEMENT OF GEORGE R. FRANKOVICH, EXECUTIVE DIRECTOR,
MANUFACTURING JEWELERS AND SILVERSMITHS OF AMERICA,
INC., PROVIDENCE, R.I.**

Mr. FRANKOVICH. Thank you, Mr. Chairman.

With your permission, the other proponents of this bill have arranged their testimony in sequential order. And with your permission, I would like to introduce them with a word on what portion of the testimony they will cover.

Senator PASTORE. All right, sir.

Mr. FRANKOVICH. Mr. Fred Kilguss, president of the Manufacturing Jewelers and Silversmiths of America and president of Excell Manufacturing Co., will discuss the feasibility of the act during a transition that must be necessary.

Mr. Bernie Chalson, president, Jewelers Vigilance Committee and a manufacturer from New York, will discuss the feasibility of the act in relation to soldered items.

Mr. Donald Corrigan, director of metallurgy and research, Handy & Harmon, will discuss some of the technical aspects of the act.

Mr. Herb Underwood, a retailer from Florida, will discuss the consumer aspects of the act.

And finally, Mr. William Preston, Jr., a retailer from Vermont, will tie much of the testimony together and present additional testimony.

We also have Mr. Jule Windman present who is counsel for the Jewelers Vigilance Committee for any legal aspects that the committee might question.

Senator PASTORE. All right, you may proceed.

Mr. FRANKOVICH. My name is George R. Frankovich. I am the executive director of the Manufacturing Jewelers and Silversmiths of America. This organization has some 1,300 manufacturers of jewelry, silverware, and allied products in its membership. Its members employ some 80 percent of the total industry manufacturing employment of roughly 100,000 people.

The industry I represent is the largest user of gold in the world. We use about 25 percent of all the gold used in arts and industry. Members of ours include traders in ingot gold, including several bank suppliers, processors of semimanufactured forms including sheet, wire and tubing of both carat gold and gold-filled materials and suppliers of electroplated gold solutions as well. Every segment of the American gold-processing community is represented within our association including several hundred manufacturers of gold jewelry.

Because of the nature of this industry's gold products near the turn of the last century, the industry believed its consumers needed some legal guaranties. In 1906, the National Stamping Act became law. As the chairman observed in his statement to the Senate on the introduction of this bill, it was probably the first piece of consumer protection ever enacted in America. It was then, and is now, industry initiated.

The jewelry industry's seeming altruism, however, is born of necessity. Unlike many other products, the jewelry industry must largely depend on the confidence that the buyer has in trade names, marks of quality and confidence in the seller—the retail jeweler.

None of us in this room can tell whether a gold product is 10 carat, 14 carat, or 18 carat gold by sight or feel or taste. In fact, we may not even know the difference between a carat gold piece and a piece of costume jewelry that is electroplated except for one thing—its mark.

The consumer, the retailer, all down the line, rely on that mark to distinguish the \$100 or \$500 item from the \$5 item. The existence of the industry depends on the continued public confidence in that mark.

Our forefathers in 1906 recognized the importance of quality representations when it advocated the passage of the National Stamping Act. The act, however, failed to provide a requirement that the person who represented the article as being of a certain gold or silver quality identify himself. It, in effect, allowed a guarantee to be made without requiring identification of the guarantor.

Enforcement of the act was strictly up to the Justice Department since it was a criminal act passed long before the FTC came into existence.

The result was, therefore, an act that made it difficult to identify violators and one that proved impossible to enforce. I personally attempted to get the Attorney General interested in prosecuting a case of flagrant violation. I failed. They were not interested. They had, and I am sure they were justified, higher and more important priorities.

Industry efforts to turn prosecution to the FTC were also to no avail. They indicated they would resist responsibility for any more special acts. They had budget problems trying to fulfill their primary mission of administering the Federal Trade Commission Act plus several special acts that were placed in their jurisdiction such as the Inflammable Fabrics Act. Placing the Gold and Silver Stamping Act in their hands seemed futile.

In the meantime, for 70 years of its existence, the Stamping Act was not enforced. No indictment occurred, no prosecution, no convic-

tion, has ever been recorded. Needless to say, numerous violations occurred during this 70-year period.

The National Stamping Act has proven as time has passed and as technology has improved liberal in one other respect. It permitted a full carat tolerance for gold alloys with solder and a half carat tolerance for unsoldered gold articles of jewelry. A 14 carat gold mark could, and still can, be placed on a soldered jewelry article that is only 13 carat gold—7 percent less gold than the mark indicates.

If this article stamped 14 carat has no solder, it may contain as little as 13½ carat gold—3½ percent less than the mark indicates.

Senator PASTORE. Would someone make a distinction for me what it means to solder and not solder?

Mr. FRANKOVICH. Yes, sir. An alloy gold ring, let's say this ring can be made in several ways, but very often, this ring might be made of a strip of stock. It could be bar stock or it could be wire stock that is cut and bent. Where this joint comes together with the other piece, it is often soldered.

Conversely, this same ring could well be made of a tubing. And the tubing would be sawed off so you would have no seam in it at all.

Senator PASTORE. So if you had the seam and you had the solder, what would permit a greater deviation in the tolerance?

Mr. FRANKOVICH. The deviation would be one full carat.

Senator PASTORE. One full carat?

Mr. FRANKOVICH. That's correct, except, sir, that the alloy portion of that ring that is unsoldered is still expected to be within one-half carat of the quality indicated.

Senator PASTORE. To make room in it for the solder, do you mean? Is that the reason it is one as against a half?

Mr. FRANKOVICH. Yes.

Senator PASTORE. I see. I want to get that in the record because when this is explained on the floor, someone is apt to ask that question.

In other words, where the two ends have to be joined, you need another alloy in order to do it. And you make an additional allowance of a half a carat for that?

Mr. FRANKOVICH. That allowance was made some 70 years ago; yes, sir.

Senator PASTORE. All right, sir.

Mr. FRANKOVICH. It is highly significant that although these wide tolerances were permitted for jewelry in 1906, they were not for gold watchcases or flatware. Since 1906, the deviation permitted from the mark for these articles of gold when they were unsoldered was only 3 parts per 1,000 as now proposed some 70 years later for jewelry.

During this 70-year period, millions of gold watchcases have been produced in this country within the 3 parts per 1,000. I cannot explain the rationale of these distinctions of 70 years ago except to say that 70 years have passed and whatever reasons may have been present then to justify this distinction have long since ceased to exist.

Efforts to update and refine the act started in the 1950's. The first step was to require identification of the person who made the quality representation. No prosecution was possible if the "guarantor" could not be identified.

Even the weak enforcement forces of the FTC could not be brought to bear until it was known whom to prosecute.

In 1961, an amendment to the Stamping Act was passed—the first amendment in 55 years. It required a positive identification of the person responsible for the quality mark. A trademark or trade name was required to appear on each piece of gold or silver that contained a mark that indicated that the piece contained gold or silver.

A long time limit was allowed before cases of violation were brought to the FTC since enforcement could only be accomplished at the retail level, and goods produced before this amendment passed had to be allowed time to move through the distribution system to the consumer.

In 1970 at industry instigation, the act was again amended to also provide civil remedies against violators. The remedies presupposed that we would continue to have low priority in Government enforcement agencies. This amendment provided that any customer or competitor who was aggrieved by the violator of the act could seek an injunction against the violator. He could also sue for court costs, legal fees and damages. A bonafide jewelry trade association could do the same, except it could not seek recompense for damages.

Both amendments had a salutary effect on quality maintenance. Identification of the firm responsible for the quality mark is now widespread. This requirement has also caused companies to exhibit more concern with the maintenance of their quality.

The second amendment permitting civil action has made the task of voluntary compliance much easier since now suit can be brought by members of the industry; the violator can no longer rest assured that nothing will happen because of official Government indifference. The mere threat of suit with attendant publicity has made the act workable.

The closing of tolerances was discussed as early as 1915 as well as each time these amendments were debated. With the first amendment in 1960, it was agreed that until the violator could be identified and then prosecuted in some way, any tightening of the standards may only penalize the "legitimate" firm who would comply and place an economic advantage in the hands of the "illegitimate" firm who could ignore the law with impunity.

Now that we have a workable act and a method of identifying violators, we are ready for the next big step—require that the markings be truthful. The proposed amendment can rightfully be termed "The Truth in Marking Act."

At this point, it is important to bear in mind that nothing in the proposed bill requires any increase in the quality of jewelry merchandise, except where jewelry is below the 10-carat minimum. Thirteen-and-one-half carat and 17½ carat can still be made and sold under the proposed amendment and under the current act, providing under the current amendment it is truthfully marked 13½ and 17½ carat.

If a manufacturer chooses to upgrade his present 13½ to 14 carat in order to market 14 carat, this is a business decision that he may make. Others today will deal with the technical and economic feasibility of the bill, and still others with its consumer aspects. We all join in seeking its speedy passage.

Thank you.

Senator PASTORE. Thank you very much.

Mr. Kilguss?

**STATEMENT OF FRED KILGUSS, PRESIDENT, MANUFACTURING
JEWELERS AND SILVERSMITHS OF AMERICA; PRESIDENT,
EXCELL MANUFACTURING COMPANY, PROVIDENCE, R.I.**

Mr. KILGUSS. Mr. Chairman, my name is Fred C. Kilguss. I appear both as president of the Manufacturing Jewelers and Silversmiths of America, Inc., and as president of Excell Manufacturing Co., a manufacturer of machine-made chain for the jewelry industry. We are located in Providence, R.I.

In both capacities, I urge the passage of S. 3095. Prior to my election as president of the Manufacturing Jewelers and Silversmiths of America, Inc., I served on its marking and stamping committee representing the machine chain association.

I have lived with this project for over 3 years. As one who has seen the issue through various segments of our industry and as a manufacturer who will have to deal with some problems this change will present, I still must say it will be one of the great things that has happened to the jewelry industry.

Later, you will hear technical testimony that what is asked by S. 3095 is feasible. I will testify that certainly on behalf of the machine chain manufacturers, of which I am one, and the vast majority of the gold jewelry manufacturers of the country represented by the Manufacturing Jewelers and Silversmiths of America, Inc., this tightening of tolerances is essential.

Since most of the difficulty in changing to a tighter standard will fall on the manufacturer—the wholesaler and retailer may sell their old inventories forever, until they are depleted—the inventory problem of the manufacturer could have presented problems.

After numerous meetings with many segments of the industry, it first appeared that an effective date of 18 months after enactment should be sufficient time for most manufacturers' inventories of current merchandise to be depleted.

Several months ago, however, a number of manufacturers of findings brought to our attention some facts to which we had not given adequate consideration. There are a few manufacturers of stable, season-in, season-out, findings (parts of jewelry—ear wires are an example). They have no style significance in themselves. They can best and most efficiently be produced in large quantities and inventoried until needed.

Manufacturers of these products buy their alloyed gold in quantities because of cost considerations. This group represents the extreme insofar as time for inventory depletion of current alloys is concerned.

We now, therefore, urge a 5-year time period of transition be allowed to work off our current obsolete gold inventories. We are convinced this 5-year period should satisfy everyone in the industry who has a realistic program of inventory control and an appreciation of businesslike cash flow.

Although none of us know what the price of gold will be a year or two from now, I would like to remind the committee that 5 years ago, inventories were made with \$42 gold; today, gold is \$133 per ounce. Liquidation of inventories of products made with \$42 gold should

present no financial problem today. Even at reduced prices, it will only reduce paper profits acquired because of gold's rapid price increases in the past few years.

S. 3095 is a bill the jewelry industry needs to maintain the confidence of its customers. S. 3095 is a practical bill. Great effort has been expended to insure its technical feasibility and its business practicality. We urge its speedy passage.

Thank you.

Senator PASTORE. Thank you.

Mr. Chalson.

STATEMENT OF BERNARD CHALSON, PRESIDENT, JEWELERS VIGILANCE COMMITTEE; PRESIDENT, WILLIAM CHALSON AND CO., INC., NEW YORK, N.Y.

MR. CHALSON. Mr. Chairman: My name is Bernard Chalson. I am president of the Jewelers Vigilance Committee and president of William Chalson and Co., Inc. We are manufacturers of fine platinum and gold jewelry which is set with precious stones.

The Jewelers Vigilance Committee, which I am proud to represent, is a national trade association representing the entire industry from metal suppliers to the final retailer. Its activities are limited to trade regulatory matters and particularly to the prevention of deception and fraud in the sale of jewelry articles.

We are here to support S. 3095, introduced by Senator John O. Pastore of the State of Rhode Island. We believe this bill is vitally necessary if the jewelry industry is to continue to hold its head up high and to seek and maintain parity with the rest of the world in the gold jewelry that it manufactures.

It is unique for an industry to advocate legislation which would raise its standards and legislation which, basically, is consumer oriented. Not so with the jewelry industry or the Jewelers Vigilance Committee.

Several years have been spent on a study of the ramifications of this tightening of tolerances. Retailers are demanding it; wholesales approve. Most manufacturers, who must bear any brunt this change may entail, support it.

The development of the law that Mr. Frankovich outlined indicates that the time for this change is now. The jewelry industry is ready for it; the times demand it.

Others following me will speak to the consumer aspects of the bill. I would like now to speak to it as a manufacturer of gold jewelry from the New York area. This area makes a large percentage of the heavy gold jewelry products produced in the country.

Some manufacturers feared this change because they had heavy inventories with current tolerance gold products. No reasonable businessman in the gold jewelry field can validly argue with a 5-year transition period. Some were worried about articles that required a number of solderings—sequential solderings: Part C could not be soldered on until part B was soldered; part B could not be soldered until part A was soldered.

Each piece had to have a solder that would not melt the basic alloy—14-karat gold, for example—and also would not melt the previous solder. Dr. Corrigan will soon explain that solders that will both allow this to be accomplished and still permit the piece to assay to within three parts per thousand are available.

Some manufacturers, however, resisted placing a closer control over their soldering procedures. It is abhorrent to me as an American businessman to know that most of the rest of the world has been adhering to these or closer standards for decades, and some American manufacturers were resisting them.

Senator Pastore, when introducing S. 3095, stated:

This legislation is necessary in order to open European and Canadian markets. American products have not enjoyed these markets because they do not meet the plum qualities which are standard in those foreign countries. The increased value of the American dollar abroad; the rising labor costs in foreign countries; and the enactment of this bill together make these foreign markets reachable by the American jewelry industry.

This statement has substance. In a memorandum from the U.S. Department of Commerce dated July 30, 1975, titled "Exportation of U.S. Manufactured Karat Gold Jewelry," it concluded:

Amending the National Gold and Silver Stamping Act to permit a smaller deviation from the karat standard and to provide for enforceable penalties against violators would result in greater acceptance of U.S. gold jewelry in European countries and worldwide. Exports would increase over time.

As one who makes a large variety of gold, jewelry, many with multiple solderings, I can say that adherence to the new proposed standards is feasible. It may take some change of solder buying habits; it may take a little more control over soldering and casting techniques; but it can be done.

The reasons for the passage of S. 3095 far outweigh the problems that will be involved with compliance with its new standards. We join, Mr. Chairman, with the previous witness in urging passage of the Truth-in-Marketing Act.

Senator PASTORE. Thank you.

Dr. Corrigan?

**STATEMENT OF DONALD A. CORRIGAN, DIRECTOR, METALLURGY,
HANDY AND HARMAN, FAIRFIELD, CONN.**

Dr. CORRIGAN. Mr. Chairman, Gentlemen: My name is Donald A. Corrigan. I am the director of metallurgy and research for Handy and Harman, a prominent supplier of precious metals, including precious metal solders to the jewelry and silverware industry as well as other industries. I received my doctorate of metallurgy from MIT. I am a member of the American Society for Metals, the American Institute of Mining, Metallurgical, and Petroleum Engineers, and the Metal Society of London.

Several years ago, a technical committee was established by the Jewelers Vigilance Committee and the Manufacturing Jewelers and Silversmiths of America to study the technical feasibility of changing the current 1-carat and 1/2-carat tolerances on gold to 3 parts per 1,000 which equates to about one-fourteenth of 1 carat.

My predecessor at Handy and Harman was a member of this committee, as later was I. Other members included industry technical experts on every phase of gold jewelry manufacturing.

Several questions were intensely studied :

One: How much tolerance from norm do the suppliers need?

Two: The problem of soldering gold alloys with solders that would have both a lower melting point than the alloy itself and would have a gold content sufficiently high so it would not debase the gold content of the article.

Three: The tolerance needed for the testing or assay of the article. It was recognized that no test of this type is perfect. The degree of probable deviation needed by the average assayer in the industry under normal conditions was taken into consideration.

The following conclusion was arrived at by this technical committee in their September 26, 1974, report:

"Concluding, it was decided by the technical committee that it is possible to manufacture any item, and there would be technically no problem in manufacturing any jewelry of any quality. It was decided, however, that for the majority of items, a three parts per thousand tolerance would be more than necessary."

I would like to stress to the committee that this technical committee was composed of both experts on metallurgy, solders, casting materials as well as practical jewelry shop manufacturing supervisors. We discussed the problems all the way from the supplier alloying and processing semifinished forms for the manufacturer to the final processing of the jewelry piece with semiskilled solderers and casters playing their role in the final product.

The technical answer is a tolerance of 3 parts per 1,000 or less for gold jewelry is prevalent over most of the world today; it is technically feasible in the United States as well. It should pose little problem to any firm using standard commercial equipment and exercising normal controls.

Senator PASTORE. Now, let's take this step by step. A jeweler goes to a bank, and he buys the gold. He gets a nugget, doesn't he?

Dr. CORRIGAN. He might get that from a gold supplier like ourselves, sir.

Senator PASTORE. He gets a nugget. That nugget is 14 carat, is that correct?

Dr. CORRIGAN. That's correct.

Mr. FRANKOVICH. No, sir.

If I may, Mr. Chairman, ordinarily, that ingot or nugget would be 24 carat gold.

Senator PASTORE. That's 24 carat gold so he begins to melt it down, right?

Mr. FRANKOVICH. Yes.

Senator PASTORE. Now, under this bill, let's assume you have multiple soldering that reduces the carat from 14 down to, let's say, 13½. Your argument is to mark it 13½, is that correct? This bill does not disturb that. All this bill says is if you mark it 14 carat, it has to come pretty close to 14 carat, no matter how many times you solder it. Is that correct?

Mr. CHALSON. That is correct.

Senator PASTORE. And if you solder it, you have a tolerance of—what is it, 1 carat today?

Mr. CHALSON. Presently.

Senator PASTORE. And if you don't solder it, you have a tolerance of one-half a carat?

Mr. FRANKOVICH. Correct.

Senator PASTORE. So if you go out and buy a 14 carat ring that is soldered, you may be buying a 13 carat ring, and all you are saying is "mark it 13 carat", is that correct?

Mr. FRANKOVICH. Right.

Senator PASTORE. In other words, the bill requires telling the truth to the consumer, is that correct?

Mr. FRANKOVICH. Exactly.

Senator PASTORE. Now, let's listen to the next witness.

**STATEMENT OF HERBERT F. UNDERWOOD, FORMER PRESIDENT,
RETAIL JEWELERS, INC.; PRESIDENT, UNDERWOOD JEWELERS,
INC., JACKSONVILLE, FLA.**

Mr. UNDERWOOD. My name is Herbert F. Underwood. I am a retail jeweler with 5 stores located in Jacksonville, Florida, and with 55 years of experience in the retail jewelry business.

I am also Past President of the Retail Jewelers of America. And if there ever has been a time when one can speak for the 9,000 members of that Association, I think it is on the subject before us today.

The vast majority of retail jewelers as well as all other segments of our industry are honest, hardworking businessmen. Since jewelry is sold on faith, it is the reputation of the jeweler as well as the good name of the industry he represents which play a large role in his ultimate sale of merchandise to the consumer.

We come before you today asking you to aid us in protecting our reputation by favorably acting upon this legislation so that we may sell merchandise manufactured in the United States equal to that which our European counterparts have been selling for many years now.

Gentlemen, I think it is important for us to realize at the outset that every jeweler in the United States sells articles that are made of gold and silver. And since his customers know little or nothing about identifying or valuing his merchandise, the jeweler finds himself in the position of a consultant or an advisor to his customers.

They come to his store to buy their engagement rings, their wedding rings, their silverware, their birthday gifts, their anniversary gifts, and they rely upon his experience, his integrity, and his judgment to provide them with gifts of precious metal that in many instances become lasting heirlooms.

Many jewelers believe—and this is an important point, too, gentlemen—there are laws which strictly enforce proper stamping procedures on precious metals. If a wedding ring is stamped "18K," accompanied by the trademark of a manufacturer, the jeweler feels he can safely assure his customer that the ring is indeed 18K solid gold. The same rule applies in his attitude toward all the other jewelry and silver he may offer for sale.

Since the consumer relies upon the jeweler, he believes that his merchandise is that which it is stamped. In other words, 18K is 18 carat.

This law that we seek to amend has permitted 18 carat jewelry to be as low as 17 carat; 14 carat jewelry to be as low as 13 carat; and 19 carat jewelry to be as low as 9 carat. This may have been permissible because of technical difficulties when this law was first enacted in 1906, but it is no longer necessary today.

When I was a boy, there were not many prepackaged items sold in the average store. When we bought a pound of coffee or 5 pounds of sugar, the grocer weighed it out on his scales. There were some grocers who would give us $15\frac{1}{2}$ ounces to the pound, including the weight of the bag, and then there were other merchants who would tip the scales one-eighth of an ounce in our favor.

Senator PASTORE. You have been around a long time.

Go ahead. Keep going.

Mr. UNDERWOOD. Yes, sir.

We regarded the fellow who gave us full measure as a scrupulously honest man, but there was always some doubt about the fellow who always tipped the scales in his own favor.

Since the retail jeweler is only about 3 feet away from the consumer and is the representative of the industry, it being proven that there is no technological reason for current tolerances, I feel a little sense of guilt in the knowledge that what my customer is purchasing is actually below the quality which is stated on the article.

I, too, am a consumer and when I go in to buy a quart of milk, I expect that quart of milk to be there, not less 4 percent or less 8 percent.

This is no different. The jewelry industry is coming before you today to seek your assistance so that I as a retailer may hold a ring or another article of jewelry before my customer and say that this is indeed 14 carat gold when it is stamped "14K" gold.

Some customers are knowledgeable about such things and sometimes they ask frank questions. I don't want to have to make excuses and say to my customer: "This is stamped "18K" gold, but it may be as low as 17 carat gold because the law of the United States allows this."

I want to be able to tell the truth, and I want the truth to be what the customer has a right to hear—that the quality of the article is exactly what it is represented to be.

Gentlemen, you have heard that the industry is sophisticated enough to make the product. This law requiring "Truth in Marking" will allow me to be truthful with my customers. I thank you, gentlemen, for this opportunity to appear before you today.

Senator PASTORE. Has it ever happened that an article that was marked "14K" was in fact 16 carat gold?

Mr. UNDERWOOD. It is possible, but it would be an error because any manufacturer who wanted to be sure that his gold was 14 carat could start with 14.1. And then, even if there was a little dilution because of soldering the article, he would still wind up with a full 14 carat.

Senator PASTORE. All right, our next witness is Mr. Preston.

STATEMENT OF WILLIAM S. PRESTON, JR., CHAIRMAN, INTER-INDUSTRY MARKING AND STAMPING COMMITTEE, F. J. PRESTON AND SON, BURLINGTON, VT.

Mr. PRESTON. Thank you, Mr. Chairman.

My name is William S. Preston, Jr. I am a retail jeweler in Burlington, Vt. My great-grandfather, Lafayette W. Preston, entered the jewelry business in a small southern Vermont town in 1844. In 1913, my grandfather and father founded F. J. Preston & Son, Inc., with which I have been associated for the last 30 years.

I am a past president of the Retail Jewelers of America, Inc., our industry's national trade association, past president of the American Gem Society, a national professional gemological association, and immediate past president of the Jewelers Vigilance Committee, Inc., the "watchdog" of our industry.

The jewelry industry in this country can take pride in the fact that historically with measurable success, it has policed itself.

As indicated in earlier testimony, responsible leaders in our industry for many years have recognized the important need to tighten quality standards and narrow the carat tolerances for fabricated gold jewelry.

During the last 2 years, it has been my privilege to chair a coordinating committee representing a broad cross-section of manufacturing and retail jewelers charged with the mission to make an indepth study of gold tolerances. In my opinion, the committee has carefully and thoughtfully analyzed the facts and varying points of view pertinent to this matter.

As the coordinating committee's meetings progressed, respective boards of directors of the three national associations noted above plus the Manufacturing Jewelers and Silversmiths of America voted to strongly support legislation which would close carat gold tolerances to a realistic and world-competitive 3 parts per 1,000.

Opposition in the main came from two associations representing some manufacturing jewelers. They are the Associate Jewelers, Inc., and the Jewelry Manufacturing Association, Inc.

Concern expressed by leaders of these associations centered for the most part on:

One: Technical difficulties in shifting over to and maintaining carat gold tolerances of 3 parts per 1,000;

Two: The allowable time for transition to new tolerances under the law; and

Three: A fear that manufacturers would be forced by their customers to take back large quantities of merchandise which had been fabricated under the lower legal standards which presently prevail.

Another argument frequently expressed in opposition to change was a view that inasmuch as the buying public is not aware of the fact that much of the carat gold jewelry it buys is legally $\frac{1}{2}$ to 1 carat less than stamped. Why rock the boat?

In response to these arguments, the conclusions and rationale of a majority on the coordinating committee can be summarized as follows:

One: From a technical point of view, manufacturers should experience relatively few difficulties during the transition to a 3 parts per 1,000 tolerance. Certainly, it is in the tradition of business in this great country of ours to adjust in some fashion to changes brought on by the advance of technical knowledge.

Further, it is very important to note that a number of conscientious gold manufacturers for many years have been fabricating their jewelry within the standard of tolerance set by S. 3095.

Perhaps one of the strongest arguments to rebut the question of "technical difficulty" is my understanding that about 90 percent of the alloyed gold which the manufacturers of carat gold jewelry order from their suppliers is one-half carat less than they expect to stamp on the finished piece.

This would appear to suggest that at least some manufacturers have sufficiently grasped the technical art of working with gold to a point where they can start with raw $13\frac{1}{2}$ gold alloy, fabricate a piece containing no solder which will in fact assay $13\frac{1}{2}$ carat, and then legally stamp the piece 14 carat.

While there may be problems to overcome during the transition to closer gold tolerances, it is in the tradition of business in this great country to adjust, in some fashion, to changes brought on by the advance of technical knowledge.

Two: As you have heard, the transition period has been extended from 18 months to 5 years. Upon the passage of this bill, it is expected that a large majority of gold jewelry manufacturers will shift without undue delay to the production of 3:1,000 gold.

Three: The question of returned merchandise, once Senate bill S. 3095 becomes law, has been largely resolved by the 5-year moratorium which will permit retailers and manufacturers to sell off their inventories of older stock in an orderly fashion.

Lastly: The fact that the buying public is unaware it is legally receiving in most instances from $\frac{1}{2}$ to 1 carat less in gold quality than it thinks it is buying is in my view an extraordinarily wrong reason to maintain the status quo.

The jewelry industry in this country is small when compared with surrounding giants with which it must compete. An important element of our strength and ability to grow in the future rests on one word—credibility.

Comprehensive educational courses in gemology are readily available. Jewelers, therefore, have little if any excuse for improperly identifying or misrepresenting gemstones. However, our hands continue to be tied in terms of the carat gold we sell.

When displaying a lovely piece of 14-carat heirloom jewelry, what words can a conscientious retail jeweler use to explain the fact that the article in all probability contains up to 1 carat less gold than it is stamped. Could he place the blame on an archaic law? He can try.

Would this explanation necessarily enhance his credibility or the credibility of the jewelry industry? Certainly not.

Would his customer be justified in believing he may receive somewhat less in gold value than the carat mark appears to indicate? The answer is yes.

It is now time that the jewelry industry be permitted to take a bold step 70 years after the fact into the world of today.

Thousands of young people, fortunately, continue to enter and seek their living in our fine industry. Their strength and hope for success in the future is tied very closely to their ability to assimilate factual knowledge of gemstones and precious metals and the opportunity to build on a solid foundation of credibility.

Today, our citizens are disenchanted with tricks and duplicity. They are weary and surfeited of certain business practices.

My son and my nephew represent the fifth generation of jewelers in our family business. They understand the overriding importance of product knowledge and credibility. I would hope that these young men, other young people entering our industry, and their customers will not be burdened overlong with a law which seemed appropriate 70 years ago, but in terms of today's technology is clearly out of date.

I urge your support of this effort through Senator Pastore's bill to banish once and for all what appears to me to be nothing short of the legal misrepresentation of gold quality standards in these United States.

Senator PASTORE. Will someone explain to me what the difficulties have been in the export business because of this tolerance allowance?

Mr. FRANKOVICH. Mr. Chairman, if I may, I have had quite a familiarity with this over the years. It is a matter of fact that most of the European community outside of Britain has very close tolerances, usually within 3 parts per thousand such as we are recommending.

Britain has zero parts per thousand. If a thing is shipped to Great Britain and is not plumb 14 carat, for example, it may not get through the assay offices.

Great Britain, France, Switzerland, all have government assay offices, as well as some of the smaller countries such as the Netherlands and so on, and close control at the border stations. Every piece, for instance, entering Britain is assayed, parts of it are assayed, by a scratch assay test at four different government offices located throughout the nation.

If the article is not of plumb gold, the article is either confiscated or destroyed at that time. It is not allowed in.

Much the same is true of France and Switzerland. The regulations there are not only more severe than they are here, but there is a very strong government hand at the border blocking goods from crossing that border if it is under quality.

Senator PASTORE. Now, I understand that we have a couple of gentlemen who are opposed to this legislation. Would they please come forward and sit at the end of the table there? Let's see if we can't have more or less a panel discussion here to get down to the protection of the consumer.

I understand we have Mr. Al Bratt, president of the Associate Jewelers, Inc., and Mr. Alex Glauberman, counsel, Jewelry Manufacturers Association, Inc.

All right, sir, please sit down and tell us why you are opposed to this. I understand you are.

Mr. GLAUBERMAN. Yes; we are.

Senator PASTORE. Tell us why.

Mr. BRATT. If I may start, Senator?

Senator PASTORE. Just identify yourselves.

STATEMENT OF AL BRATT, PRESIDENT, ASSOCIATE JEWELERS, INC.; ACCOMPANIED BY ALEX GLAUBERMAN, COUNSEL, JEWELRY MANUFACTURERS ASSOCIATION, INC.

Mr. BRATT. My name is Albert Bratt. I am a manufacturer of gold jewelry. I am the president of the Associate Jewelers which represents a large majority of jewelry manufacturers in the New York metropolitan area.

I am a little unprepared today because I just heard about this meeting late last night.

Senator PASTORE. You know this story fundamentally; you have lived with it all your life.

Mr. BRATT. All my life.

I do not have a prepared statement, but I do have an article that I placed in one of the magazines which I would like to read, sir.

The Associate Jewelers is a trade organization which was originally formed in 1919, made up of manufacturers of gold and platinum jewelry in the New York metropolitan area. The association strongly opposes the proposed change of amendments to the National Stamping Act which purportedly changes for all practical purposes seek to eliminate all gold tolerances in the manufacture of jewelry.

We find the change of the amendment to the National Stamping Act is unnecessary and objected to by a great majority. The present National Stamping Act has stood the test of time, having been first, so far as tolerance is concerned, enacted by Congress in the year 1906.

In the original act, tolerances were provided for because the act is penal in nature and sets forth severe penalties if violated.

Congress in enacting this law recognized that to be enforceable tolerances were absolutely necessary in the manufacture of carat gold jewelry. The New York State Legislature adopted the National Stamping Act as part of the New York law in 1965, the effective date being September 1, 1967, thereby reiterating that tolerances are necessary for proper enforcement and policing of the carat gold industry.

There has been no demand or request by the general public for a change in the law. Industry is well aware that the campaign is generated to promote fear and to effect for the retailer a gimmick for advertising purposes to promote merchandise as plumb gold.

If any pressure demand has been initiated to change tolerances, it has been initiated by a nongold manufacturing and retail organization looking for advertising gimmicks. These certainly are not reason for the industry to propose a change in the law which has been in effect since 1906 and has worked satisfactorily for the industry and public at large.

The proposed change is unnecessary and would serve no useful purpose except the selfish motives of certain proponents thereof. The change in tolerances would work a tremendous hardship on the carat

gold industry, of the manufacturer, the jeweler, and jobber, and retailers alike.

The proponents for the change ask that the present National Stamping Act be amended as to provide for a tolerance of 3 parts per thousand and, further, that—well, they since have changed the effective date from 18 months to 5 years.

In the event this date is enacted into law as of April 1, the 18 months will be the following year. Retail jobbers, wholesalers and jobbers, and other direct sellers of jewelry, not manufacturing jewelry, would have no time limit placed on their sale of existing jewelry nor on jewelry purchased within the time limit above set forth.

The mere announcement or threat of the amendment of the Stamping Act law eliminating the tolerance and setting forth the policy of plumb gold is enough to create a situation whereby inventory now in the hands of the industry, be it manufacturer, jobber, or retailer, would become obsolete.

Senator PASTORE. Now, let me say something to you. You say that the consumer or the public has not taken the initiative here. I can say this from experience—naturally, I come from a jewelry State. You know that?

Mr. BRATT. Surely.

Senator PASTORE. And as a matter of fact, every day I went to Classical High School, I kicked a foot press in "Cap Lisla Taska Pearl." And my family has been very much in the jewelry industry—not myself, but my uncles. One was a diamond setter. Another was a bench hand. Another was a solderer.

My impression has always been if I went to buy a 14 carat ring, I was getting 14 carats.

Now, I am being told I am only getting 13 carats. How do you justify that? Isn't that deceptive? You are marking something 14 carat, and the person that is buying it is believing it is 14 carat, but is getting 13 carat. Isn't that deceptive?

Mr. BRATT. Senator, what I am trying to bring out is another point. The tolerances that they are seeking to enact at this particular time as far as we are concerned is not workable.

Senator PASTORE. Now, why isn't it? You start out with a nugget.

Mr. BRATT. I will try to explain. There are technical facts here. I have taken a bar of gold from one of the leading refiners—

Senator PASTORE. It is 24 carat.

Mr. BRATT. No, no; 14 carat.

No, 13½ carat. Let me be specific and exact. I have taken a segment of that bar, one from each end and one from the center, the center portion of that bar. I have sent it to the U.S. Assay Office which is run by the Government of the United States. I have sent the other two to very, very reliable assay firms, and I have the reports here.

Within this one bar of gold, there is a differential of 1½ parts per 1,000 between any portion of the bar in the assay that they submit which means that any manufacturer not only has 1½ parts per 1,000 with which to work which is an absolutely not workable tolerance—this is the point I am trying to bring out.

Senator PASTORE. Why should the consumer pay for that difficulty?

Mr. BRATT. He only pays for the amount of gold he is getting.

Senator PASTORE. No, no; he is paying for 14 carats. You mark it 14.

Mr. BRATT. I am sorry, he is not.

Senator PASTORE. How would you mark it?

Mr. BRATT. I mark it what I charge for. I am trying to explain, we do charge for exactly what we give our consumer. In other words, if my article costs—I do not figure my costs of my gold at $13\frac{1}{2}$ and charge for 14. If my gold is figured at $13\frac{1}{2}$, we charge for $13\frac{1}{2}$. We are a very legitimate manufacturer.

Senator PASTORE. I know that. Your integrity is not at stake. But when that lands in a retail store, it bears 14 carat. And that retailer is going to charge that person for 14 carats.

Mr. BRATT. He will charge upon the basis of what he is charged. This is what he is charged for.

Senator PASTORE. Let me ask you this question: Why is this so impossible? If you want to create the tolerance of only 3 parts to 1,000, why do you have to start with 14 carat when you begin to solder? Why can't you begin with 14.2, 14.3, in order that when you get through what you are soldering you are down to 14?

Mr. BRATT. Then, I have to increase my prices on an average of 5 percent per half a carat to my customer.

Senator PASTORE. If you are honest, but there are some people that are not. The point here is the argument is being made here about truth in lending, truth in selling, today, you go and buy something in the grocery store, and there used to be a gimmick with a big box and a small content. Now, you have got to state it on the box.

Now, this is a new evolution, I will tell you very frankly. It is a new evolution, and it is coming into this industry as well.

Now, to me personally, it doesn't make that much difference. But I am being told here that we are being harmed in the export business because there are many, many—

You keep nodding your head. These are the people who are here; they are in the jewelry business.

Mr. BRATT. They are not gold manufacturers, Senator.

Senator PASTORE. Mr. Frankovich has been connected with the jewelry industry for years.

Mr. BRATT. He knows nothing about manufacturing, Senator.

Senator PASTORE. He knows about the international trade. Can you dispute the fact that in England it has to be perfect? Do you dispute that?

Mr. BRATT. I dispute the fact in Germany they have a greater tolerance, and I will also say—

Senator PASTORE. I am not talking about Germany now. Maybe Germany ought to get around to it. Let's talk about Great Britain. How about Great Britain? Do you know for a fact it has to be 14 carats if it is marked 14 carats? Do you dispute that?

Mr. BRATT. I won't dispute that. If this is the law, this is the law.

Senator PASTORE. That's what he is talking about.

Mr. BRATT. I don't know how they police it either.

Senator PASTORE. They have an assay office at the port of entry. He just said that.

Mr. BRATT. That is for imports; I am talking about domestically manufactured.

Senator PASTORE. I am talking about the whole kaboodle.

Mr. BRATT. Senator, I am trying to say one thing. The 3 parts per 1,000 that they are advocating is not a workable tolerance. I am a manufacturer. I know.

Senator PASTORE. Is anybody here a manufacturer?

Mr. CHALSON. I am, sir.

Senator PASTORE. Do you dispute that statement?

Mr. CHALSON. I believe it is important to start with 14 carat if you are going to stamp it 14 carat. The 3 parts per 1,000 in my opinion is a very tight tolerance to work to, but I think it can be adhered to. But it is very tight.

Senator PASTORE. How long have you been in the business?

Mr. CHALSON. Over 40 years.

Senator PASTORE. How long have you been in the business?

Mr. BRATT. Thirty-eight years.

Senator PASTORE. He has you covered.

Mr. BRATT. He does not manufacture the same article I do.

Mr. CHALSON. That's true.

Senator PASTORE. He manufactures gold.

Mr. BRATT. Not in the same area, sir; theoretically different. He must be honest to say my problems are different than his.

Mr. CHALSON. No question, Senator.

Mr. BRATT. Can you agree my problems are different? It is difficult for me to work with three parts per thousand?

Mr. CHALSON. No question.

Mr. BRATT. Thank you. It is very difficult; I cannot work with three parts per thousand. And manufacturers similar in my vein cannot work with 3 parts per thousand. I will violate the law.

Senator PASTORE. What is the answer to that question if you admit he can't operate within three-thousandths of a—I don't want to put anybody out of business.

Mr. CHALSON. Of course. And the fact of the matter is that there is no question that the manufacturer of the kind of articles that Mr. Bratt makes have certain problems. I do think that it is possible for him to come very close.

And I also think that the way to start is to start with 14 carat plumb rather than to start with a lower carat of gold. In other words, if we can make an article that will assay $13\frac{1}{2}$ within very close tolerances, starting with $13\frac{1}{2}$. I think that if we start with 14, we can hold to that same closed tolerance and come to that close to 14.

Senator PASTORE. What do you say to that?

Mr. BRATT. I say we can't try to police our industry which is what we are trying to do. I am not against having high standards for our industry, please don't misunderstand. What I am trying to explain is when you take a tolerance of three parts per thousand, I cannot manufacture to within that tolerance. It is an absolute impossibility.

Senator PASTORE. All right, gentlemen, now, can a compromise be made on that?

Mr. FRANKOVICH. Mr. Chairman, if I may.

Senator PASTORE. Yes. I mean, now, gentlemen, I want to do the right thing; I don't want to put anybody out of business.

Mr. BRATT. Thank you, sir.

Mr. GLAUBERMAN. May I say a word?

My name is Alex J. Glauberman. I am counsel to the Jewelry Manufacturers Association of New York which consists exclusively of precious gold jewelry manufacturers. And I must apologize that I am sitting here instead of the members of my association who are the actual manufacturers. But we learned of this hearing simply by accident last night. And I burned the midnight oil as we lawyers frequently do to prepare a statement for this committee.

This argument has been raging for 2 years now. My distinguished colleagues here and representatives of our associations have met and discussed and tried to find some common meeting ground. The gentlemen from the Jewelers Vigilance Committee and the Manufacturing Jewelers and Silversmiths and RJA, started with a position of three parts per thousand. They haven't budged from that position.

The gentlemen from the Associate Jewelers have insisted on the 21 parts per thousand which is part of the current law.

We in the Jewelry Manufacturers Association are seeking to achieve an accommodation and, recognizing the practical manufacturing problems of our manufacturers, said, "All right, let's improve the standard, but let's go to ten parts per thousand and come much closer to the 14 carat."

Now, unfortunately, the proponents of the present bill refused to compromise; although their technical committees acknowledged that 3 parts per thousand was feasible in the majority of cases; they didn't say "in all of the cases," but rather "in the majority of cases." They nevertheless refused to budge from the three parts per thousand.

So I present the middle position here of saying, "Yes, let's improve the situation, but let's not be as rigid as you want to be."

I might also mention another thing. Senator, you come from a great textile and apparel manufacturing state. And I am sure you are familiar with the Textile Fiber Products Identification Act and Flammable Products Act and Care Labeling Act and similar acts.

Senator PASTORE. I introduced it.

OK, go right ahead.

Mr. GLAUBERMAN. We are right at home. There are tolerances. When I buy a wool suit, I can still have five percent weight of other fibers, decoration and so on. And the consumer doesn't complain about that. These things are natural in the manufacturing process.

The idea runs through all of these regulatory statutes. There are tolerances in order to permit the manufacturer to survive. I suggest that a tolerance here is also important.

We have heard a lot said about truth in marketing. Well, the fact is under this statute, nobody is required to put any mark in any ring or article of precious jewelry. It is not like the Textile Fiber Products Act where you must put a label in or the Flammable Fabrics Act where you must make a representation or the Care Labeling law where you must have instructions for caring for the garment.

No one must, no one is required to, put any mark in this merchandise at all. It is only if you do put in a mark that the law requires you to have a trademark to identify you with. So if we are really concerned about protecting the consumer, when are we going to get around to the kind of legislation you introduced requiring the labeling of this

merchandise and thereby making it a representation on the part of anybody who manufacturers sells or distributes that item that the article must be as represented?

[The statement follows:]

STATEMENT OF ALEX J. GLAUBERMAN, COUNSEL, JEWELRY MANUFACTURERS ASSOCIATION, INC.

My name is Alex J. Glauberman. I am counsel to the Jewelry Manufacturers Association, Inc. of 535 Fifth Avenue, New York City, an organization consisting exclusively of precious gold jewelry manufacturers. The general membership of our Association are opposed to the elimination of tolerances in the manufacture of gold jewelry, as proposed by Senate Bill 3095.

Several years ago, the Jewelers Vigilance Committee and the Manufacturing Jewelers and Silversmiths commenced their campaign which had as its purported objective the "closing of karat gold tolerances". But their concept of narrowing the range of gold tolerances—a change from 21 parts per 1,000 to 3 parts per thousand—is for all practical purposes, equivalent to *eliminating* gold tolerances.

Over the past two years, many meetings were held among the representatives of the large trade organizations. The New York group of manufacturers of precious gold jewelry, who are the largest users of gold and the ones who are most seriously affected by any change in tolerances, initially opposed any revision of the present gold tolerances for 14 K Gold. After months of discussion, in an effort to achieve a unified attitude which could be supported by the entire Industry, our members proposed a change in the tolerance to 10 parts per thousand, a 1% tolerance within which the manufacturers felt they could operate. Unfortunately, the inflexible proponents of the change embodied in S. 3095 refused to move from their starting position.

Our members who face the actual daily practical problems of producing precious jewelry feel that they must have a reasonable tolerance and that three parts per thousand is no tolerance at all. They have vigorously asserted that while it is technically possible to produce jewelry of any quality, *practically* it is impossible for them to operate within a three part per thousand tolerance. As the major producing arm of the Industry, their position should be accorded full respect and consideration, particularly by those segments of the Industry who do not manufacture precious gold jewelry or who are not manufacturers at all, and I refer to a large portion of the membership of the Jewelers Vigilance Committee and the Manufacturing Jewelers and Silversmiths.

No amendment of the Stamping Act should be accepted unless it can meet the reasonable needs of the precious gold manufacturers and can accordingly be supported by them.

Incidentally, there are many regulatory laws on the books which provide for tolerances in the manufacture of goods. One need only look at the Textile Fiber Products Identification Act, the Flammable Fabric Law, and similar legislation.

There is no grave emergency that requires immediate passage of S. 3095. The campaign to change the Stamping Act does not arise from widespread dissatisfaction of the American consumer as to the quality or price of the products of this Industry. For almost 70 years, our Industry, in full compliance with the requirements of the National Stamping Law of 1906, has served the public honestly with fine products of high quality and value. Over these decades, the Consumer has purchased and enjoyed happily many hundreds of millions of the products of the Jewelry Industry. Now the proponents of the elimination of tolerances would have the millions of American consumers believe that they have been hoodwinked and deceived by their trusted neighborhood jewelers and that they have not received the value or the quality they thought they were purchasing. With industry just emerging from the depressed economy of the last few years, the last thing the Industry needs is a "crisis of confidence" among American consumers. There can be no doubt that once the trade begins to promote "PLUMB GOLD" the present inventory of the retail jeweler will be rendered obsolete, to be disposed of at markdown prices. And of course, the new merchandise will have to cost the retailer and the consumer *more*.

Regardless of the five-year transition period contained in S. 3095, the gold jewelry manufacturer can anticipate that as soon as changes in the Stamping

Act are publicized, his current inventory will be rendered unsaleable. One need only look at the instant reaction of the jewelry trade in the spring of 1974 when the push for amendment of the Act began. Immediately a substantial number of customers refused to accept existing inventory and demanded that their orders be filled in PLUMB GOLD only. Thus, for our precious jewelry manufacturers, elimination of tolerances means INSTANT OBSOLESCENCE. It would also make necessary the use of a greater quantity of gold which would increase costs to manufacturer, retailer and consumer alike, and thus add to the inflationary spiral. Nor should one neglect the higher additional cost of financing inventory, higher insurance cost on increased values, additional manufacturing costs and so on. The suggestion that elimination of tolerances will open foreign markets to our products is sheer illusion. Anyone familiar with foreign trade knows that our products are being shut out, not by their gold content, but by restrictive trade practices and cheaper imports from low-wage countries.

This is not a truth in Marking Bill—because it is not a Marking Bill. And if it is protection of the consumer that is of great concern, I think the Committee shall note that there is nothing in the law that requires a manufacturer to put any quality mark on any product. Contrast the Labeling Laws which do require each product to be marked.

We urge the members of this Committee to recognize the disruptive effects and the inflationary impact of the proposed legislation and to seek a more equitable accommodation of the problems of the gold jewelry manufacturer. There is need for further study of this problem by an objective agency and we would therefore respectfully recommend that the entire problem be referred to the National Bureau of Standards for an impartial study and report.

Respectfully submitted.

Senator PASTORE. Now, let me ask these gentlemen, what have you to say to this?

Mr. FRANKOVICH. I would like to make a couple of comments, Senator.

Senator PASTORE. Now, the point here is, gentlemen, we are in an election year. This is March. The conventions are coming up in July and August. And unless we can get some kind of a bill here where there is an agreement with a little bit of give and take, you are not going to have a bill at all. I might as well make that very clear.

Because once you have passed this in the Senate, it has to go in the House. There are people who feel they are going to be put out of business, whether or not that was true or untrue. But I was very much impressed with the gentleman who is a jeweler who has more or less agreed there was some cause on the part of the gentleman that just talked, Mr. Bratt.

Is that your name?

Mr. BRATT. That is correct.

Senator PASTORE. Now, is there anything within your 3 parts to 1,000 that we can get a compromise that would be satisfactory?

Now, they say 10. Well, maybe that is too much. What if you went to 7?

Mr. FRANKOVICH. Senator, we have discussed various methods of compromise within various industry quarters, including with these gentlemen here. There is one fact we seem to be missing here for some reason.

When these gentlemen reach toward 13½ carat, some of the specifications for ordering 13½ carat goods—and I don't know what Mr.

Bratt's are—are something a little richer than $13\frac{1}{2}$ carat. This may vary from firm to firm.

Dr. Corrigan has indicated that he can guarantee a minimum quality in the alloys he sells every single time unless some disastrous mistake occurs which is exceptional by making it slightly richer.

So if, indeed, Mr. Bratt or others need seven parts per thousand and they order four parts richer per thousand, this will do the trick. Or conversely, if he chooses to make $13\frac{1}{2}$ carat and it will disrupt his market not to then let him market the $13\frac{1}{2}$ carat as he is doing today, this is the solution.

It would be abhorrent, I believe, to many in the industry, including manufacturers who wish to do foreign trade business, to go less than three parts per thousand and still give up all the possibility of this foreign business.

Senator PASTORE. But, Dick, the fact still remains when you allow three points per thousand, you are still not selling strictly 14 carat. You are giving yourself a slight leeway.

Mr. FRANKOVICH. Yes, sir, that is correct.

Senator PASTORE. So within a very small margin, there is a certain amount—I won't use the word "exception," but there is a certain deviation in the tolerance.

Now, the question I am asking, if you raise that deviation slightly in order not to put these gentlemen out of business, you see, in order to get a bill through—after all, this is now the legislation. We are starting from scratch. And I think we are all agreed here the consumer should be protected.

There are certain technical manufacturing difficulties that have to be contended with. And these gentlemen say that for 2 years this thing has been going to and fro. There is nothing brand new.

I must say in full sincerity, when I introduced this bill, I kind of thought this was just a pushover, everybody was going to be for it, you see. Now, I find out that not everybody is for it.

And whatever we do here, when you stand up on the floor of that Senate, you are going to hear from the Senators from New York. Is there anything we can do to compromise this thing so that we can reach an agreement?

Mr. UNDERWOOD. Senator, I think there is something that needs to be said in listening to this as a retailer. It was pointed out in the testimony that 90 percent of the gold that is ordered from these refiners is ordered in $13\frac{1}{2}$ carat.

Now, $13\frac{1}{2}$ carat is the allowable minimum that is permitted on an article without solder. These manufacturers are experiencing no difficulty in producing an article that is $13\frac{1}{2}$ carat. So they are staying within the minimum allowed by law by starting with $13\frac{1}{2}$ carat.

So I think it is not a good argument to say that they couldn't meet this. All they have to do is order 14 carat because they buy $13\frac{1}{2}$ carat now. And they maintain those standards.

Senator PASTORE. What do you have to say to that?

Mr. BRATT. Senator, we are not objecting. We did not object.

Senator PASTORE. Just a minute; I have somebody on the phone here.

[A very short recess was taken.]

Senator PASTORE. Now, why don't you buy 14 carat?

Mr. BRATT. We want a little bit of uniformity just like everybody else does within our industry. I will try to bring out some of the problems to you as a layman in the industry so you can possibly understand it.

What I tried to bring out in showing these assays is when we buy gold in what we call an alloyed form, there are differences of as much as $1\frac{1}{2}$ parts per 1,000 just in one bar of gold. When the Government sells gold to us, as we are the consumer, it is not 24 carat. It is either two 9.5, two 9.7, or it could be three 9's. We are already starting below the minimum of what 24 carat is.

Senator PASTORE. In other words, you are saying even if you bought 14 carat, you might have—

Mr. BRATT. It is not 14 carat all the time.

Senator PASTORE. One carat deviation, one-half.

Mr. BRATT. Absolutely. Gold has certain density to it. When we melt gold, we make our own bars. We do not necessarily buy all of our gold in an alloyed form. When we mix our gold, gold is not 100 percent homogenous. So when you pour a bar of gold, the heavy part of the alloy—In other words, the gold tends to sink to the bottom.

When you pour a bar of gold, you may not necessarily have the same carat of gold at the front of the bar as you have at the back of the bar. This is a technical condition that exists.

Senator PASTORE. But from the point of the consumer, he is still not getting what he thinks he is buying.

Mr. BRATT. Senator, we have no objection to that. We are contesting the tolerances. That is what we are contesting. I cannot live with the 3 parts per 1,000 tolerance.

Senator PASTORE. Why don't you mark it 13?

Mr. BRATT. We want a little bit of uniformity in our industry, don't we? One will mark it—

Senator PASTORE. You mean you can't sell—

Mr. BRATT. You have to explain to every customer what this is and what something else is. It creates a condition in our industry we are not looking for.

Senator PASTORE. Let me ask you a question: How far are you ready to go on tolerances?

Mr. BRATT. Ten parts per thousand.

Senator PASTORE. Is that the best?

Mr. BRATT. Yes.

Senator PASTORE. How far do you want to go?

Mr. CHALSON. I would suggest, Senator, on an article of jewelry where no solder is contained that we stay with the 3 parts per 1,000, but that we make some allowances for solder and increase the number of parts per 1,000 that could be used there.

Senator PASTORE. What do you think of that?

Mr. CHALSON. I don't know if 10 is necessary, but—

Mr. FRANKOVICH. The thing that bothers me, Senator, is today, not in 1906, but today, we have solders that can perform that are of the exact quality of the alloy itself. We don't need the solder tolerance we needed years ago.

Senator PASTORE. But, Dick, if we can get some kind of legislation through on the consent calendar, then if there has got to be any modifications, you are still going to be better off than you are at the present time.

If there is any modification to be done in the future, we will have a little experience on this.

Mr. FRANKOVICH. This is true.

Senator PASTORE. Now, the suggestion is made here we stay with 3 parts to a 1,000 unsoldered and on soldered, we, go to 7?

Mr. CHALSON. It is all right.

Mr. BRATT. 10.

Senator PASTORE. You will take seven?

Mr. BRATT. We will try to live with it. If we cannot, we will ask for further relief.

Senator PASTORE. OK, amend the bill to seven. Three parts per 1,000 unsoldered, and on soldered, to seven.

Mr. GLAUBERMAN. Will the record of the hearing still be open for a while?

Senator PASTORE. Absolutely. It will be open for a week.

[Whereupon, at 11:10 a.m., the hearing was adjourned.]

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

STATEMENT OF J. C. PENNEY CO., INC.

The J. C. Penney Company, Inc., (Penney) is general retailer with over 1,700 retail outlets located throughout the U.S. Among the many articles we offer to our customers are Fine Jewelry items, including 10K and 14K gold items. We sell this merchandise in over 200 of our larger stores and through our catalogs.

Prior to 1973, the 10K and 14K gold merchandise that we sold conformed to the existing standards of the National Gold and Silver Marking Act, which provided for up to $\frac{1}{2}$ karat tolerance from the karat marking stated on the merchandise. Even though this was permissible and was, in fact, the standard practice in the jewelry trade since 1906, Penney felt that the customer was not aware of the $\frac{1}{2}$ karat tolerance and believed that he or she was getting the full 10K or 14K rather than up to $\frac{1}{2}$ karat less.

For these reasons, Penney contacted its more than 25 suppliers and worked with them to explore the desirability, practicality and technical feasibility of raising the gold content specifications to 10K and 14K, which is known in the industry as "plumb gold."

The transition took approximately six months, and since July 1973 all of our suppliers have been providing only "plumb gold" in meeting our merchandise specifications and requirements. This has narrowed down the tolerance so that for all practical purposes the customer is receiving more gold content than he or she previously received.

In evaluating this program, we are pleased to report that our customers have been most satisfied by our voluntarily providing better value and more gold content in our merchandise and in our effort to bring the gold content up to a point where it practically coincides with the stamping on the item. We believe this is reflected in the dramatic increase in the sale of our gold merchandise during the last three years. Also, our sales personnel have reported favorable customer comments after they explained our gold specifications program at the point of retail sale.

Penney strongly believes that the consumer expects, and has a right to receive, what is represented in the marking of gold merchandise. We see no technological or practical reason why the $\frac{1}{2}$ karat tolerance should not be tightened up in accordance with Senator Pastore's proposed bill. Therefore, we respectfully request that this statement be made part of the Committee record. We believe this legislation will help the retailer and the manufacturer in establishing credibility with the American consumer, through consistent and accurate representations on the gold merchandise.

BEN BRIDGE, JEWELER,
Seattle, Wash., February 20, 1976.

Senator JAMES O. PASTORE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PASTORE: It is the understanding of many of us in the jewelry industry that you will be introducing the "plumb gold" legislation, an amendment to the National Stamping Act that is being vigorously opposed by a group of manufacturers who, in my opinion, are selfishly struggling against a long past due, progressive, consumer-oriented change.

The aforementioned group's main contention is that the legislation was conceived by a large retail concern (Penney Co.) that does not manufacture gold jewelry and that has no conception of the problems confronted by the industry. It is quite true that Penney's, to their credit, did "discover" the unnecessarily large tolerance between the product's stamped quality and its asseyed true karat reality, but it is also true that they have been joined in the attempt to correct

that disparity by the more widely representative and responsible groups in the jewelry industry. These groups include the Retail Jewelers of America, the Jewelers' Vigilance Committee and the manufacturing Jewelers & Silversmiths of America.

We, along with the jewelry industry and the regulatory bodies of many foreign countries, can substantiate that "plumb" is possible, and we have a filing cabinet of assay reports that attest the fact that the 3/1000 tolerance is easily obtained. The 18 month turnover time to bring everything into standard is much more reasonable than the proposed 5 years (who ever heard of a 5 year inventory?), but regardless of what the time frame is, the standard enactment is the paramount concern.

Many firms have quietly moved their manufacturing to "plumb": a number were always "plumb" without fanfare or publicity. The point remains, and no company in opposition can debate this, if the manufacturer started his process with gold that is of the fineness of the finished product's stamped quality—if it was started with 14K instead of 13½, or 10K instead of 9½, the tolerances necessary because of the manufacturing dilution of quality would be debatable. These people start with "cheated" gold—gold that they purposely refine or order refined ½ karat less than they intend marking it.

If it is inconvenient for those people to change, it is to your credit, and to the credit of our government, to make it so!

Sincerely,

HERB BRIDGE,
Past President, PNW Jewelers.

WASHO GOLD PRODUCTS CORP.,
New York, N.Y., March 10, 1976.

Senator JOHN PASTORE,
*U.S. Senate, Senate Office Building,
Washington, D.C.*

DEAR SENATOR PASTORE: Congratulations on your submission of legislation to modify the National Stamping Act so that tolerances of precious metals will be reduced or eliminated completely.

This legislation is long past due and I feel is absolutely essential to the Jewelry Industry and even more essential to the consumers. Your legislation, if approved, will greatly benefit the Jewelry Industry—both in the United States and in its efforts to sell its products overseas.

If I may be of service to you in furtherance of this legislation, I will be pleased to do so.

Sincerely yours,

IRVING WAX.
BONGARD SALES, INC.,
Minneapolis, Minn., March 10, 1975.

Hon. JOHN PASTORE,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR: Congratulations on presenting bill S. 3095 to the United States Senate. This change in law is long past due and we heartily support it.

We have been on the plumb gold program with Penneys for over two years and we feel that when our customers pay for 14K gold they deserve to get an honest weight. The plumb gold law will assure that they will.

We wish you every success.

Sincerely,

LEON H. BONGARD.

F & F CREATIONS, INC.,
New York, N.Y., March 11, 1976.

Hon. JOHN O. PASTORE,
*House of Senate,
Washington, D.C.*

DEAR SENATOR PASTORE: We, at F&F Creations, who are leading suppliers of 14K gold jewelry, applaud you upon your presentation of your revival of the gold stamping act.

We have, for the past three years, been manufacturing our gold jewelry in plumb. We feel that with the advent of strong consumerism, that the U.S. consumer should be aware of, and get, what she feels she is buying.

I am enclosing a copy of our statement to the trade which appeared in the September, 1974 issue of *National Jeweler*.

Please be free to call upon me at any time if I can be of any help to you.

Very truly yours,

MORRIS FEUER,
Vice President.

MAJOR PENNEY SUPPLIER DENIES 'SCARE' TACTICS IN PLUMB PUSH

(By Marcie Avram, field editor)

NEW YORK CITY.—A major supplier of J. C. Penney Co. has denied the opposition charge that Penney vendors have been "scared" into converting to 14-karat "plumb" gold. He claims rather that the company has been "enlightened" by the giant merchandiser.

Morris Feuer, vice president, sales, F&F Creations Inc., said that J. C. Penney brought the issue to the surface "Once enlightened, we were glad to go along with this policy under our own volition."

F&F is now convincing its other customers of the policy's merit, according to Feuer.

"Public knowledge of the plumb-gold question would lead to a tremendous consumer roar," Feuer told *NATIONAL JEWELER*. "It's only a matter of time until some consumer group picks up on the idea that gold goods are being misrepresented."

Feuer indicated that other major F&F customers—such as Medco, Zale, Zayres, Selco, Caldor—are not now specifying plumb gold. He said, however, that each is listening to the company's philosophy and accepting plumb "with no squawks."

The manufacturing executive explained the basis of F&F's decision to convert. He said that when casting is involved in the production of a gold product, there is no way that every item produced from a single flash will assay at the identical karat content.

Different weights of the alloys in less than 24-karat gold result in "flow" and less than 100 per cent karat consistency.

As an example, he pointed to 18 rings produced from the same flash. An assay indicated that the individual pieces varied in point measure from 561.7 to 563.8—a difference of 2.1 points (1 karat equals 41 points).

"Thus," Feuer argued, "when the starter gold is 13½ karat, there is no way of ensuring that every piece produced even will fall within the present 13½-karat tolerance allowance."

"Utilizing a starter gold of 14 karat would result in merchandise representing much narrower tolerance confines."

F&F began plumb conversion in April 1973, and Feuer said that the process has been orderly but not completely without problems.

"There is no difficulty in obtaining 14-karat plumb gold," he said, "but there is no manufacturer who makes a complete product. He must rely on outside sources for component parts."

"Because of the infancy of the plumb situation and the consequent small demand for plumb gold, some of our suppliers are fearful that stockpiling will lead to mixed inventories."

"Consequently our orders are produced on demand, resulting in the need for extended lead times on our part."

If demand for plumb gold were to increase, he inferred, this type problem would be alleviated.

'OVERNIGHT' RULED OUT

Feuer admitted that industry conversion could not be accomplished overnight. "It has taken us more than a year, and we are still not out of 13½-karat inventory."

"I imagine it might take the typical retailer some two to three years to convert his inventory. But conversion has got to start at some point."

In fact, he continued, one industry suggestion might enhance smooth retail inventory transition: Any "14-karat" inventory which the retail merchant has been holding for a period of time was likely bought at lower gold costs.

CITES DECENT MARGIN

"If the merchant were to have these goods restamped "10-karat," the karat content would fall well within any legal tolerance limitations as well as well beyond the stamp. In addition, the current inflated gold cost would still provide a decent margin."

If gold goods other than plumb were bought more recently, Feuer added, it would be a "different story."

Further clarifying the J. C. Penney position. Merchandise Manager Henry Goldsmith stated that Penney is calling for an input of 14-karat plumb gold.

The company is supporting the proposal of Jewelers Vigilance Committee allowing a three parts per thousand maximum deviation, allowing for deviation in assay.

COMPLETE COMPLIANCE QUESTIONED

If a manufacturer uses a starter gold of 13½ karat in casted gold goods Goldsmith said, he is automatically removing any question of complete compliance both with the present law and with giving the customer what he believes he is buying.

Responding to a question related to deviation which may occur as a result of gold flow, Goldsmith added:

"If a new law were to be passed calling for more limited tolerances, the starter gold may actually have to be slightly higher than 14-karat, to allow for both assay deviation and gold flow.

"The customer is entitled to have what is stamped in the product," he said, "regardless of any legal garblygook," Goldsmith concluded.

HARLYN PRODUCTS, INC.,
Los Angeles, Calif., March 11, 1976.

HON. JOHN O. PASTORE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PASTORE: As one of the major jewelry manufacturers in the United States, we would like to lend our complete support to Amendment S-3095 for the closing of the tolerances on gold.

It is our feeling that when the consumer purchases a 14Kt or 10Kt ring, he is entitled to that and should not expect to get a 13½ or 9½ karat ring.

We hope that you will support S-3095 and set standards that will insure the consumer getting for what he is paying.

Very truly yours,

LEE SIEGEL,
Executive Vice President.

SUBERT BROTHERS, INC.,
New York, N.Y., March 12, 1976.

HON. J. O. PASTORE,
U.S. Senate,
Washington, D.C.

DEAR SIR: I note that you, as a representative are bringing forth a presentation of a bill designed to enforce the "Gold Stamping Act"—S3095.

As a prominent leading gold jewelry manufacturer I can only stress the importance of this amendment being fulfilled, as it can only strengthen the industry.

Needless to say, I do not feel an injustice living within the tolerance of this bill being amended.

Very truly yours,

LEO SUBERT.

F. M. FRENCH & SON,
Albany, Oreg., March 20, 1976.

Senator JOHN O. PASTORE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: This is in regards to S. 8095 which I understand you are the sponsor. One thing that has not been pointed out to you by the large manufacturers and retail chains is the plight of the small custom manufacturer under the terms of the proposed bill.

I have enclosed a drawing of a ring that was done by one of our fine goldsmiths on our staff last week. (We employ 4 who do excellent one piece at a time work.) This ring is made by painstakingly soldering many small wires together to form the ring and is in my opinion one of the finest examples of our goldsmiths' art.

This ring could be mass produced adhering to your 3/1000 gold tolerance but it is impossible to do it with any known technique by hand and not have the solder pull the overall karat lower than that.

This bill will eliminate the small custom shop from competition. Perhaps an exemption for true custom work could be included in the bill.

Sincerely,

ALLAN STEVENS, Jr.

CHURCH & Co.,
Bloomfield, N.J., March 22, 1976.

Hon. JOHN O. PASTORE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PASTORE: My name is Stanley E. Church. I am president of Church and Company, 400 Kennedy Drive, North, Bloomfield, New Jersey, and, I am also president of the American Gem Society, 2960 Wilshire Boulevard, Los Angeles, California.

The American Gem Society is composed of 3,200 retailers and suppliers throughout the United States who are pledged to supply the consumer with quality products, upon which he can rely.

The Bill of Senator John O. Pastore, which will eliminate current unrealistic tolerances has been desired by our organization for many years past. Its enactment into law, will allow the American jewelry manufacturer and the retailer, to present American-made jewelry to the public, of the quality stated.

We wholeheartedly endorse this Bill, and we urge the Senate Committee to give favorable consideration to S. 3095, a bill which we support for the industry and the consumer which it serves.

Respectfully,

STANLEY E. CHURCH.

P.S. I hope that our views will be included in the record of these proceedings.

IDE JEWELRY CO., INC.,
New York, N.Y., March 30, 1976.

SENATE COMMITTEE ON COMMERCE,
Dirksen Office Building,
Washington, D.C.

(Attention of Mr. Warren G. Magnuson)

DEAR MR. MAGNUSON: We have just been advised that there is an amendment being proposed to changing the present tolerance of 14 Karat Gold.

This amendment will be very detrimental to our industry and of no benefit to the retailer or consumer and we therefore request that you vote against this amendment which is very impractical.

Thanking you in advance for your co-operation and kind consideration, we remain

Cordially yours,

BENJAMIN GREENBERG, President.

SHIMAN BROS.-COLONIAL, INC.,
New York, N.Y., March 30, 1976.

Senator WARREN G. MAGNUSON,
Senate Committee on Commerce, Dirksen Office Building,
Washington, D.C.

DEAR SENATOR MAGNUSON: It has come to our attention that Senator Pastore, on March 9th, introduced Senate Bill 3095, which would amend the National Gold and Silver Marking Act of 1906.

This is to advise that we are firmly opposed to the proposed change in the tolerances for karat gold contained in Senator Pastore's bill, for the following reasons:

- (a) A tolerance of only three parts per thousand would give an insufficient amount of latitude to a jewelry manufacturer. It can be documented that:

assays made from the same bar of gold by different assayers can vary by more than two parts per thousand before that gold is even put through the processes of fabrication required for a piece of finished jewelry.

(b) We consider the tolerances allowable under the existing Stamping Law to be the amount necessary that our precious jewelry manufacturing industry requires in order to stay within the present requirements for compliance.

(c) There have been no consumer complaints of which we are aware, about the existing standards of tolerance.

(d) A change in the Stamping Law as proposed by Senator Pastore's bill would cause a great disruption and hardship to our industry, with no compensating benefit to the American consumer.

(e) Were the proposed revisions to our Stamping Law to be adopted, there would be additional costs to the consumer for carat gold products, without the consumer realizing any discernible benefit because of the change. We urge you to speak in opposition to this potentially disruptive bill.

Very truly yours,

KENNETH KAUFMAN, *President.*

JEWELCOR, INC.

New York, N.Y., April 1, 1976.

HON. WARREN G. MAGNUSON,
*Senate Committee on Commerce,
Dirksen Office Building, Washington, D.C.*

DEAR SENATOR MAGNUSON: I am writing with reference to proposed Senate Bill 3095 which would amend the National Gold and Silver Marking Act of 1906 to change the present tolerances from the current one-half karat without solder and one full karat with solder to a tolerance of three parts per thousand.

We operate several jewelry manufacturing companies in New York City and own catalog showrooms in eleven states.

We urge you to consider the practical difficulties of manufacturing goods within a three-part per thousand tolerance. We anticipate that the increased cost in manufacturing will result in the prospect of additional costs to the retailer and consumer.

We urge you to defeat the Amendment.

Respectfully yours,

STEVEN E. CHAIFETZ, *Vice President.*

DAVIDSON & SONS JEW. CO., INC.,
New York, N.Y., April 2, 1976.

HON. SENATOR WARREN G. MAGNUSON,
*Chairman, Senate Committee on Commerce,
Dirksen Office Building, Washington, D.C.*

DEAR SENATOR WARREN G. MAGNUSON: We are writing to you to voice our strong opposition to the proposed amendment to the National Gold and Silver Marking Act, Senate Bill #3095.

This bill has been conceived and promoted by a number of Costume Jewelry Manufacturers for their own self-interest rather than for any benefit to the Jewelry Industry or to the American Consuming Public. These manufacturers primarily produce gold-filled and gold plated products. Therefore, any attempt to increase the cost of solid gold jewelry would increase the price advantage of gold filled and gold plated jewelry. This is one of the primary motives of the Bill.

Furthermore, there is no advantage to decreasing the allowable tolerances in manufacturing gold products. The only change would be an increase in the cost of jewelry to the American Public at a time when inflation has already taken its toll on the American Worker's spendable income.

In addition, the proposed amendment fails to recognize the inherent problems involved with changing gold tolerances. The bill doesn't realize that many retailers would wish to dispose of their old inventories (made with the higher gold tolerances) by returning them to the manufacturer for exchange for merchandise with the lower gold tolerances. A major retail chain has already indicated that they intend to cause this to happen by advertising that they sell only Plum Gold. This would financially destroy a major segment of our industry. The bill also

fails to recognize that most of the solid gold jewelry manufacturers have sample lines manufactured at the higher gold tolerances that would be useless after the transition.

In summary, there are no good reasons for changing the current tolerances other than to satisfy the self interest of a small group of costume jewelry manufacturers. The proposed change would only hurt the American Consumer by raising his cost. It would also hurt the solid gold jewelry manufacturer by giving him yet another inventory problem on top of his already numerous problems.

We therefore earnestly request that you oppose the passage of Senate Bill #3095.

Sincerely yours,

JIMMY DAVIDSON.

MANHATTAN PLATINUM PRODUCTS, INC.,
New York, N.Y., April 5, 1976.

WARREN G. MAGNUSON,
Senate Committee on Commerce,
Dirksen Office Building, Washington, D.C.

DEAR SIR: The proposed amendment to change from the present tolerances to the ones you suggest will definitely be a severe detriment to our business.

The change will cause serious difficulties in the process of manufacturing our products as well as increase cost to the retailers and consumers.

We are absolutely opposed to any bill that would amend the National Gold and Silver Marking Act of 1906.

Respectfully,

MORTON ALMO.

MODERN SETTINGS, INC.,
New York, N.Y., April 5, 1976.

Hon. Senator WARREN G. MAGNUSON,
Chairman, Senate Committee on Commerce,
Dirksen Office Building, Washington, D.C.

DEAR SENATOR MAGNUSON: We are writing you to voice our strong opposition to the proposed amendment to the National Gold and Silver Marking Act, Senate Bill #3095.

This bill has been conceived and promoted by a number of Costume Jewelry Manufacturers for their own self-interest rather than for any benefit to the Jewelry Industry or to the American Consuming Public. These manufacturers primarily produce gold-filled and gold plated products. Therefore, any attempt to increase the cost of solid gold jewelry would increase the price advantage of gold-filled and gold plated jewelry. This is one of the primary motives of the Bill.

Furthermore, there is no advantage to decreasing the allowable tolerances in manufacturing gold products. The only change would be an increase in the cost of jewelry to the American Public at a time when inflation has already taken its toll on the American Worker's spendable income.

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In summary, there are no good reasons for changing the current tolerances other than to satisfy the self-interest of a small group of costume jewelry manufacturers. The proposed change would only hurt The American Consumer by raising his cost. It would also hurt the solid gold jewelry manufacturer by giving him yet another inventory problem on top of his already numerous problems.

We therefore earnestly request that you oppose the passage of Senate Bill #3095.

Sincerely yours,

JERRY BINDER.

UNITED MANUFACTURING JEWELERS,
Los Angeles, Calif., April 8, 1976.

HON. WARREN G. MAGNUSON,
Senate Committee on Commerce,
Dirksen Office Building
Washington, D.C.

DEAR SENATOR MAGNUSON: It has come to our attention that Senator Pastore, on March 9th introduced Senate Bill 3095, which would amend the National Gold and Silver Marking Act of 1906.

This is to advise that we are firmly opposed to the proposed change in the tolerances for karat gold contained in Senator Pastore's bill, for the following reasons:

(a) A tolerance of only three parts per thousand would give an insufficient amount of latitude to a jewelry manufacturer. It can be documented that assays made from the same bar of gold by different assayors can vary by more than two parts per thousand before gold is even put through the processes of fabrication required for a piece of finished jewelry.

(b) We consider the tolerances allowable under the existing Stamping Law to be the amount necessary that our precious jewelry manufacturing industry requires in order to stay within the present requirements for compliance.

(c) There have been no consumer complaints of which we are aware, about the existing standards of tolerance.

(d) A change in the Stamping Law as proposed by Senator Pastore's bill would cause a great disruption and hardship to our Industry, with no compensating benefit to the American consumer.

(e) Were the proposed revisions to our Stamping Law to be adopted, there would be additional costs to the consumer for karat gold products without the consumer realizing any discernible benefit because of the change.

We urge you to speak in opposition to this potentially disruptive bill.

Very truly yours,

LEON JASPER.

UDKO INDUSTRIES, INC.,
Los Angeles, Calif., April 8, 1976.

HON. WARREN G. MAGNUSON,
Senate Committee on Commerce,
Dirksen Office Building,
Washington, D.C.

DEAR SENATOR MAGNUSON: It has come to our attention that Senator Pastore, on March 9th introduced Senate Bill 3095, which would amend the National Gold and Silver Marking Act of 1906.

This is to advise that we are firmly opposed to the proposed change in the tolerances for karat gold contained in Senator Pastore's bill, for the following reasons:

1. A tolerance of only three parts per thousand would give an insufficient amount of latitude to a jewelry manufacturer. It can be documented that assays made from the same bar of gold by different assayors can vary by more than two parts per thousand before gold is even put through the processes of fabrication required for a piece of finished jewelry.

2. We consider the tolerances allowable under the existing Stamping Law to be the amount necessary that our precious jewelry manufacturing industry requires in order to stay within the present requirements for compliance.

3. There have been no consumer complaints of which we are aware, about the existing standards of tolerance.

4. A change in the Stamping Law as proposed by Senator Pastore's bill would cause a great disruption and hardship to our Industry, with no compensating benefit to the American consumer.

5. Were the proposed revisions to our Stamping Law to be adopted, there would be additional costs to the consumer for karat gold products without the consumer realizing any discernible benefit because of the change.

We urge you to speak in opposition to this potentially disruptive bill.

Very truly yours,

RICHARD UDKO.

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